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XTO REV PROD 88 (7-69) PAID UP (04/17/07)B

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this _____ day of <u>September</u>, 2008, between **Don Darrell Hart and wife**, **Theda L. Hart**, Lessor (whether one or more), whose address is: **5720 Rosalyn Drive**, **Watauga Texas 76148**, and **XTO Energy Inc.**, whose address is: **810 Houston St., Fort Worth**,

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced Tarrant, State of Texas, and is described as follows:

0.190 acres, more or less, out of the S. Sawery Survey, Abstract No. 1424, and being Lot 19, Block 5, Browning Heights North, Section Twenty, an Addition to the Town of Watauga, Tarrant County, Texas, according to the Plat recorded in Volume 388-43, Page 16, Plat Records, Tarrant County, Texas, and being those same lands more particularly described in a Warranty Deed with Vendor's Lien, dated May 24, 1968, from B-E recorded thereof in Volume 4570, Page 176, Deed Records, Tarrant County, Texas, and amendments thereof, including streets, easements and alleyways adjacent thereof, and any riparian right

This is a non-development Oil, Gas and Mineral Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit. It is the intention of Lessor to allow Lessee to explore for oil and/or gas without using the surface of Lessor's lease.

This clause shall take precedence over any references to surface operations contained within the preprinted portion of this

- 2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of <u>3</u> years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
- with no cessation for more than ninety (90) consecutive days.

 3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the posted market price of such 25% part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average case, to bear 25% of the cost of treating oil to render it marketable pipe line oil; to the pipe line or storage tanks, Lessor's interest, in either said land (1) when sold by Lessee 25% of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee of (0) To pay Lessor on gas and casinghead gas produced from said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, or (2) when used by Lessee of (0) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at primary term or at any time or times thereafter, there is any well on said land, one-tenth either in kind or value at the well or mine at primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been were being conducted on said land for so long as said wells are shut-in, this lease shall, nevertheless, continue in force as if no shut-in had said wells, but in the exercise of such diligence, Lessee shall not be obligated to install, nevertheless, continue in force as if no shut-in had said wells, but in the exercise of such diligence, Lessee shall not be originated to settle labor trouble or to market gas upon terms unacceptable to during such time there are no operations on said land, then at or before the expiration of said ninety day period if upon such any lease Lessee. If, at any time there are no operations on said land, then at or before the expiration of said ninety day period if upon such any lease shall pay or tender, by or tenders
- assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

 4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, any one or more horizons, so as to contain not more than 80 surface acres, any one or more horizons, so as to contain not more than 840 surface acres, provided, however, units may be established as to any one or more horizons, so as to contain not more than 840 surface spilus 10% acreage tolerance, if limited to one or more of the following: from wells classified as gas wells by the conservation agency having the surface acresses the surface reservoir. (3) minerals produced time established, or after enlargement, are permitted or required under the decidence of the subsurface reservoir. (3) minerals produced time established, or after enlargement, are permitted or required under the decidence of the surface of the size permitted or required by such governmental rule or order, for the drilling or operation of a well at a enlarged to conform to the size permitted or required by such governmental rule or order, for the drilling or operation of a well at a enlarged to conform to the size permitted or required by such governmental rule or order, for the drilling or operation of a well at a enlarged to conform to the size permitted or required by such governmental rule or order, for the drilling or operation of a well at a enlarged to provide for in said instrument or instruments or instruments or instruments or instrument size in which this lease is recorded. Such unit shall become effective on the date such instrument or instruments are so filed of record. Each of said options as to each desired unit effective as of the date provided for in said instrument or instruments or instruments or

words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or access road, drilling, testing, completing, recompleting, deepening, sidetracking, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be after service of such notice on Lessee. Neither the service of said notice nor the doing of any action shall be brought until the lapse of sixty (60) days alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less that forty acres), such acreage require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor entire and undivided fee simple estate (whether Lessor's interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited and Lessee may encounter difficulty securing surface location(s) for drilling, reworking or other operations. Therefore, since drilling, operations conducted at a surface location off of said land or allowed on said land or other leases in the vicinity, it is agreed that any such provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing except as expressly stated.
- 15. The consideration paid for this lease shall also constitute consideration for an option to the Lessee, its successors and assigns, to extend the initial three (3) year primary term for a second two (2) year term. This option may be exercised anytime during the initial primary term by delivery of payment of an additional bonus of \$18,500.00 per net mineral acre. The bonus payment shall constitute notice to Lessor of exercise of the option. In the event Lessee elects to exercise this option and makes the bonus payment provided for above, then all terms of this lease shall remain in full force and effect as if the original primary term was five (5) years.

IN WITNESS WHEREOF, this instrument is executed on the date first above written. LESSOR: Don Darrell Hart and wife, Theda L. Hart hede J. Hart Don Darrell Hart STATE OF Texas) } ss. (ACKNOWLEDGMENT FOR INDIVIDUAL) COUNTY OF **Tarrant** This instrument was acknowledged before me on the day of Sentember, 2008 by Den Barrell and wife, Theda L. Hart. BRUCE AARON SNYDER Notary Public Notary Public, State of Texas Printed My Commission Expires Bruce Aaron Snyder Seal: April 08, 2012